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July 1, 2004

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, SW
Room TWB-204
Washington, DC 20554

Re: Implementation of the Pay Telephone Reclassification and
Compensation Provisions of the Telecommunications Act of 1996,
CC Docket No. 96-128

**Systems Audit Report by Independent Accountants on Compliance with
Payphone Rules**

**Statement Identifying Persons Responsible for Handling Payphone
Compensation Issues**

Dear Ms. Dortch:

On behalf of its interstate long distance/competitive local exchange carrier and incumbent local exchange carrier business units, and pursuant to 47 C.F.R. § 64.1320(b), Sprint Corporation ("Sprint") submits the attached Systems Audit Report of its independent accountants on its compliance with payphone compensation rules.

Pursuant to 47 C.F.R. § 64.1320(e), Sprint also submits this statement listing contact information for persons responsible for handling payphone compensation and for resolving disputes with payphone service providers.

For Sprint's interstate long distance operations:

Initial contact:

Peggy Gaitan
Billing Concepts, Inc.
7411 John Smith Drive
Suite 200
San Antonio, TX 78229
Tel: 210-949-7109
peggy.gaitan@billingconcepts.com

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Escalation contact:

Toni McEnaney
Sprint Communications Co., L.P.
Payphone Compensation
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Mailstop KSOPHW 0512-5A300
Overland Park, KS 66251-6110
Tel: 866-729-3666
payphonecompensation@mail.sprint.com

For Sprint's incumbent local telephone operations:

Valerie Wright
Sprint Local Telecommunications Division
Payphone Compensation
6450 Sprint Parkway
Mailstop KSOPHN 0116-1B522
Overland Park, KS 66251-6100
Tel: 913-315-9075
valerie.wright@mail.sprint.com

This submission is filed in compliance with the Commission's Report and Order (FCC 03-325), released October 3, 2003. Copies are being provided to payphone owners and any facilities-based long distance carrier from which Sprint receives calls as a completing carrier.

Sincerely,



John E. Benedict



KPMG LLP
Suite 1000
1000 Walnut Street
Kansas City, MO 64106-2162

Independent Accountants' Report

The Board of Directors
Sprint Corporation:

We have examined management's assertion, included in the accompanying *Report of Management on Compliance with Applicable Requirements of Section 64.1310(a)(1) of the Federal Communications Commission's Rules and Regulations*, that Sprint Corporation (the Company) complied with Section 64.1310(a)(1) of the Federal Communications Commission's (FCC's) Rules and Regulations in CC Docket 96-128 as of July 1, 2004. Management is responsible for the Company's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Company's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Company's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Company's compliance with specified requirements.

In our opinion, management's assertion that the Company complied with the aforementioned requirements as of July 1, 2004 is fairly stated, in all material respects, based upon compliance factors set forth in Section 64.1320(c) of the FCC's Rules and Regulations and in management's assertion.

This report is intended solely for the information and use of the Company, the FCC, and applicable Facilities-Based Long Distance Carriers and Payphone Service Providers and is not intended to be, and should not be, used by anyone other than these specified parties.

KPMG LLP

Kansas City, Missouri
July 1, 2004

**Report of Management on Compliance with Applicable
Requirements of Section 64.1310(a)(1) of the Federal
Communications Commission's Rules and Regulations**

Sprint may be acknowledged as the "Completing Carrier" in the following call scenarios:

- Toll-Free
- Operator Services (0+ and 0-)
- Calling Card
- Inmate
- Government Emergency Telephone Service (GETS)

Sprint represents the following assertions where it is identified as the "Completing Carrier":

FCC Compliance Factor (1)—Sprint's ("Completing Carrier") procedures accurately track calls to completion.

- Sprint's definition of the "per-call rate" is in compliance with FCC rules.
- Sprint's definition of a "Compensable Call" (payphone-originated call that completes over Sprint's network in which Sprint identifies itself as the Completing Carrier) is in compliance with the FCC rules.
- Sprint's definition of a "Completed Call" (call that is answered by the called party) is in compliance with the FCC rules.
- Sprint's systems are able to generate the following reports on a quarterly basis:
 - a) A list of the toll-free and access numbers dialed and completed from each Payphone Service Provider's (PSP's) payphones along with the ANI for each payphone.
 - b) The volume of payphone originating calls, for each toll-free and access number, that were completed by Sprint.
 - c) The name(s), address(es), and phone number(s) of the person(s) responsible for handling the Sprint's payphone compensation.
 - d) The CIC code of all facilities-based LD carriers that routed payphone originating calls to Sprint categorized according to toll-free and access code numbers.
- Sprint's data storage requirement is in compliance with FCC rules.
- Sprint's procedures for identifying PSPs are complete and accurate.
- Sprint's procedures for validating payphone ANIs are complete and accurate.

FCC Compliance Factor (2)—Sprint ("Completing Carrier") has a person or persons responsible for tracking, compensating, and resolving disputes concerning payphone-completed calls.

- Sprint has designated personnel responsible for drafting the business requirements associated with tracking, compensating, and resolving disputes concerning payphone-compensated calls.

**Report of Management on Compliance with Applicable
Requirements of Section 64.1310(a)(1) of the Federal
Communications Commission's Rules and Regulations**

- Sprint has designated personnel responsible for the development and maintenance of systems used in the collection and reporting of payphone call data.
- Sprint has designated personnel responsible for the implementation and maintenance of procedures that are utilized in creating final payphone compensation data sets.
- Sprint has designated personnel who are responsible for developing payphone compensation-tracking reports.
- Sprint has designated personnel who are responsible for payphone compensation dispute resolution.

FCC Compliance Factor (3)—Sprint ("Completing Carrier") has effective data monitoring procedures.

- Sprint has the ability to prepare quarterly reports on payphone call counts, PSP identifiers, and numbers dialed for completed payphone originating calls.
- Sprint performs data monitoring procedures on call record volumes entering the payphone compensation systems.
- Sprint performs fraud-monitoring procedures to identify potentially illegitimate payphone calls.
- Sprint has the ability to investigate and resolve PSP disputes.

FCC Compliance Factor (4)—Sprint ("Completing Carrier") adheres to established protocols to ensure that any software, personnel or any other network changes do not adversely affect its payphone call tracking ability.

- Sprint has security controls in place to control access to and monitor call-tracking data.
- Sprint has security controls in place to control access to and monitor the payment disbursement system.
- Sprint has a department that is responsible for making software changes that affect payphone compensation.
- Sprint has established protocols to implement and test software changes affecting payphone compensation.
- Sprint has application controls in place to ensure that network changes, external to payphone compensation, do not negatively impact payphone compensation.

FCC Compliance Factor (5)—Sprint ("Completing Carrier") creates a compensable payphone call file by matching call detail records against payphone identifiers.

- Sprint utilizes switch data and database look-ups to populate the date, originating ANI, dialed number, and aggregate data into a Compensable Call File.
- Sprint uses payphone specific identifiers—info digits or ANI lists or, for local operations, service and equipment codes in combination with call record detail—to identify a compensable payphone call.
- Sprint applies validation and control procedures to compile the Compensable Call File.

**Report of Management on Compliance with Applicable
Requirements of Section 64.1310(a)(1) of the Federal
Communications Commission's Rules and Regulations**

FCC Compliance Factor (6)—Sprint ("Completing Carrier") has procedures to incorporate call data into required reports.

- Sprint's systems are able to generate the following reports on a quarterly basis:
 - a) A list of the toll-free and access numbers dialed and completed from each PSP's payphones along with the ANI for each payphone.
 - b) The volume of payphone originating calls, for each toll-free and access number, that were completed by Sprint.
 - c) The name(s), address(es), and phone number(s) of the person(s) responsible for handling Sprint's payphone compensation.
 - d) The CIC code of all facilities-based LD carriers that routed calls to Sprint, categorized according to toll-free and access code numbers.
- Sprint possesses valid lists of payphone owners identified by ANI.

FCC Compliance Factor (7)—Sprint ("Completing Carrier") has implemented procedures and controls needed to resolve payphone compensation disputes.

- Sprint maintains required payphone call-tracking data for at least the minimum number of months required by the FCC.
- Sprint has the ability to investigate and resolve PSP disputes.
- Sprint has designated personnel who are responsible for payphone compensation dispute resolution.

FCC Compliance Factor (8)—Critical controls and procedures have been implemented by Sprint ("Completing Carrier") to verify that errors are immaterial.

- Sprint has procedures to identify payphone-originated calls.
- Sprint has procedures to capture dial-around calls originating from a payphone.
- Sprint has procedures to exclude incomplete calls originating from a payphone from the Compensable Call File.
- Sprint has procedures to accurately populate call record data in the Compensable Call File.
- Sprint has procedures to exclude commissioned calls from the Compensable Call File.

FCC Compliance Factor (9)—Sprint ("Completing Carrier") has in place adequate and effective business rules for implementing and paying payphone compensation, including rules used to: (i) identify calls originated from payphones; (ii) identify compensable payphone calls; (iii) identify incomplete or otherwise non-compensable calls; and (iv) determine the identities of the payphone service providers to which Completing carrier owes compensation.

- Sprint has business rules that identify calls originated from payphones.

**Report of Management on Compliance with Applicable
Requirements of Section 64.1310(a)(1) of the Federal
Communications Commission's Rules and Regulations**

- Sprint has business rules that identify compensable payphone calls.
- Sprint has business rules that exclude incomplete calls originating from a payphone.
- Sprint has business rules to determine the identities of the payphone service providers to which Sprint owes compensation.

Sprint's—Required Disclosures per 64.1320(d)

- Sprint's criteria for identifying calls originating from payphones include call record info-digit identification of 27, 29, or 70. In addition, originating ANI is also used to identify payphone-originated calls. For local operations, payphone-specific service and equipment codes are used in combination with the call detail records to identify calls originated from payphones.
- Sprint's criteria for identifying compensable payphone calls include all calls with info-digits 27, 29, or 70 (or with a payphone-identified originating ANI) and call duration greater than 0. For local operations, the criteria include all calls from payphone lines served by Sprint as local exchange carrier and for which the call record indicates an access code or subscriber 8XX call with a completed call indicator. Calls originating from payphones with a separate compensation agreement in place are excluded from the Compensable Call File.
- Sprint's criteria for identifying incomplete or otherwise noncompensable calls include: 1) calls that do not have info-digits 27, 29, or 70 (or that are not from a payphone-identified originating ANI); 2) calls with a duration of 0; or 3) calls that originate from payphones with a separate compensation agreement in place. For local operations, the criteria include: 1) calls from lines lacking payphone-specific service and equipment codes and 2) calls for which the call detail record indicates noncompletion.
- Sprint's criteria used to determine the identities of the PSPs to which Sprint owes compensation is established by BCI, Sprint's clearinghouse for settlements for its long-distance operations. For local operations, Sprint determines the identities of the PSPs by use of customer billing records for the payphone line.
- The type of information that Sprint needs from the PSPs in order to compensate them is determined by BCI, except in the case of Sprint's local operations, for which Sprint has its own database of eligible payphone lines.